



TOWN OF CHESTER

BEST PRACTICES FOR CASH HANDLING AND TURNOVER POLICIES AND PROCEDURES

Last Updated: 10/10/2025

Approved:10/20/2025

A. PURPOSE:

The purpose of this document is to establish sound cash handling, turnover controls, and general best practices for Chester Town employees. To ensure all cash receipts are deposited and recorded on a timely basis, safeguard employees from inappropriate charges of mishandling Town funds, and to clearly define employee responsibilities in the cash handling process. Only those employees designated through job descriptions shall be authorized to process cash receipts.

B. SCOPE:

Cash includes currency, checks, money orders, negotiable instruments, credit/debit card transactions, deposits, and website payments. All town employees, including general government and school employees, who are entrusted with the receipt, deposit, and or handling of cash are expected to follow these policies and procedures. Historical practices shall not constitute justification for deviation. The material contained in this document supersedes any previous policies and procedures regarding the handling of cash.

C. Authority:

MGL Chapter 41 S35: The Treasurer receives and takes charge of all money belonging to the town and pays all bills of all departments.

D. POLICIES:

Department managers are responsible for understanding and following these policies and procedures as well as ensuring that their staff who handle cash in any way also understand the Town's policies and procedures.

It is the Town's policy that the Treasurer's office is responsible for the entry of cash receipts into the towns system/software system. Town departments must submit to the Treasurer's office all forms of cash with three signed copies of the corresponding turnover form (a department, treasurer, and accounting copy). After counting the cash, the Treasurer will stamp a copy for the department to keep and an additional copy for the accountant's office.

All departments must establish a schedule to turn over all cash receipts to the Treasurer's office at least once a week.

No expenses can legally be paid from change funds or cash receipts by any department at any time. This includes expenses incurred in generating cash receipts. All proceeds are deposited, and all expenses are appropriated and processed through a warrant.

Use of change funds for miscellaneous petty cash purchases, loans, advances, or check cashing for any individual (including employees) is strictly prohibited.

No bank account will be used for Town funds unless it has been set up by the Treasurer's office. Furthermore, the Town's tax ID cannot be used for any funds other than Town funds.

It is each department's responsibility to establish procedures for their department in collaboration with the Treasurer's office to safeguard the collection and remittance of cash receipts until turned over to the Treasurer. Departmental procedures shall at a minimum include those procedures found in Section E and must be approved by the Treasurer/Collector.

E. Procedures

1. Reasonable care should be taken to ensure that currency is genuine.

**Note: If you feel you have received counterfeit cash, call the police immediately. Do not confront the individual presenting the cash or let on that you suspect counterfeiting. Notify the Treasurer after the incident.*

2. Checks should be reviewed for the following:

- Payable to the Town of Chester
- Make sure legal line (dollar amount written) is the same as the numerical amount. If there is a difference, the legal line will prevail.
- No stale date (older than 90 days) checks are to be accepted.
- No postdated checks are to be accepted (the Treasurer's office will not hold any postdated checks).
- Checks must be signed
- Look for messages (i.e. not valid over \$1000.00, not valid after 90 days, etc.)
- Starter/blank checks must be accompanied with a valid ID. Write name, address, phone number legibly on the check.

- No cash can be returned to the taxpayer in the event a check exceeds the amount due to the town.
- The check must be drawn on a US Bank in US dollars
- Endorse the check with the following endorsement:

FOR DEPOSIT ONLY
TOWN OF CHESTER
DEPARTMENT NAME

3. Cash must be held in a secure place (i.e. a locked cash drawer, locked cash box, vault, cash register, locked metal box, etc.) until it is turned over to the Treasurer. If possible, each employee that handles cash in each day or shift should have a separate secure place to hold cash.
4. At the time of payment, transactions should have a corresponding numbered receipt, permit, license, certificate etc., issued to the customer and be appropriately posted by the department in a ledger (all receipts will be entered into the towns software System by the Treasurer's office.)
5. Departments, authorized to do so, should not combine online payments with in-person received funds (cash, check, etc.) on the same turnover form. They should be submitted on separate turnover forms with the corresponding deposit slips and/or appropriate backup. Additionally, Departments that utilize online payment websites will retrieve the appropriate reports detailing payments made to be submitted to the Treasurer's office with the turnover form.
6. The Treasurer's office will enter the cash receipt data into the towns authorized software with any corresponding reference data for charges i.e. bill #, name, cert# etc. The three-part turnover form should be signed by at least one person from the department.
7. Departmental staff shall hand deliver the turnover form with the cash, etc. to the Treasurer's office. If there are multiple checks in the turnover, an adding machine tape or spreadsheet should accompany the turnover. Departmental staff should remain at the Treasurer's office while the turnover is being validated. Interoffice mail is not appropriate for delivering turnovers to the Treasurer's office.
8. The Treasurer's office is responsible for counting all forms of cash (currency, check, money orders, negotiable instruments, credit/debit card transactions, deposit slips, and website payment reports) verifying their accuracy against the turnover form.
9. The Treasurer Staff signs the turnover form as verification that the total amount indicated on the form reconciles with the total of all forms of cash presented.

- One form is retained by the departmental staff as signed by the Treasurer Staff to be returned to the department for their records.
- One copy of the turnover should go to the Town Accountant with any required backup documentation as an independent source for the Town.

Accountant will verify the receipts that have been entered in . Leaving the town accountant's copy of the turnover with the Treasurer Staff to deliver to the Town Accountant is not appropriate.

10. Each month, bank statements are reconciled against the Treasurer's receipts and the Treasurer's cash is reconciled to the Town Accountant's general ledger cash.
11. Each department head or someone other than the person who receives funds should periodically calculate the number of receipts, permits, licenses, certificates etc. That have been issued/voided and the corresponding amount of money that should have been collected and compare that amount to the amount of money turned over to the Treasurer. Voided items should be examined and explained to the satisfaction of the department head.

*In the event that a check is returned (non-sufficient funds, account closed, payer's signature missing, refer to the maker, postdated or stale check) the department is responsible to seek guaranteed replacement of funds and submit a negative receipt reversing the original receipt. The Department is also responsible for collecting the below referenced fee.

Reference: MA General Law Chapter 60, 57A & Chapter 44, 69. If any check in payment of any municipal service, fee or charge imposed by any city or town for any municipal service rendered or fee or charge imposed is not duly paid, there may, in addition to any other penalty provided by law, be imposed on the person who tendered such check, upon notice and demand by the city or town treasurer, a penalty in an amount equal to 1% of the amount of such check, provided,

However, that if such check is for less than twenty-five hundred dollars, the penalty under this Section shall be \$25.00 (Added by St. 1981, c87. amended by St.1991, c226.)

12. Each Town department that receives cash receipts should review the Management Revenue Year to date report for their department each month to verify that all cash receipts that were turned over to the Treasurer's office are recorded completely and accurately to the respective general ledger account. Any discrepancies shall be reported to the Town Accountant.

13. Any theft or disappearance of cash should be immediately reported to the Treasurer. In the case of a robbery call the police first. Do not confront the robber. Inform the Treasurer office immediately after the incident.

14. Any questions should be directed to Treasurer's office:

F. Enforcement

Violations of this policy may result in disciplinary action, up to and including termination of employment and/or legal action.

ACKNOWLEDGEMENT OF RECEIPT

MANDATORY SIGNATURE REQUIRED

I acknowledge receipt of the Cash Handling and Turnover Policy from the Town of Chester
I understand that I am responsible for reading the policy and guidelines described within it and agree to abide by them.

Print Name:
Signature:
Position:
Date: